

REDACTED – FOR PUBLIC INSPECTION

June 28, 2016

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT**
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Information – Subject to Protective Order Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, SkyLine Telephone Membership Corporation (the Cooperative), Study Area Code 230501 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. *The version of the Cooperative's FCC Form 481 submitted via ECFS is a redacted version of the filing that contains no confidential information.*

The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's

MOSS-ADAMS_{LLP}

Ms. Marlene Dortch

Page 2

March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58. These attachments contain competitively sensitive data that SkyLine Telephone Membership Corporation maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, SkyLine Telephone Membership Corporation requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative maintains as confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Cooperative's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan progress report contains granular information on the Cooperative's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a

map of the Cooperative's service area detailing progress toward meeting broadband deployment targets at the wire center level. This is closely guarded, privileged information that the Cooperative does not make publicly available.

- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to "cherry pick" the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

- (5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Cooperative's access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors valuable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

- (6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

MOSS-ADAMS_{LLP}

Ms. Marlene Dortch

Page 4

- (7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

- (8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Cooperative's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

- (9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). SkyLine Telephone Membership Corporation seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

SkyLine Telephone Membership Corporation is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

¹ *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, DA 16-296 (rel. Mar. 22, 2016).

MOSS-ADAMS_{LLP}

Ms. Marlene Dortch

Page 5

Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lynette Hampton".

Lynette Hampton
Authorized Representative for
SkyLine Telephone Membership Corporation

LH/pjf

Attachments

cc: Mr. Steven Hardin, SkyLine Telephone Membership Corporation

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Steven Hardin
<035>	Contact Telephone Number: Number of the person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	steven.hardin@skyline.org
	Form Type	54.313 and 54.422

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

230501nc112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How much (USF) was used to improve service quality and how support was used to improve service quality
- <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage
- <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Yes

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<210> For the prior calendar year, were there any reportable voice service outages? No

**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
230501nc510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	230501nc610.pdf

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org
<810>	Reporting Carrier	Skyline Telephone Membership Corporation
<811>	Holding Company	Not Applicable
<812>	Operating Company	Skyline Telephone Membership Corporation

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 230501nc1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 230501nc1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

230501nc1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- | | | |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2000) Price Cap Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing
Required Information

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}	Yes - Attach Certification	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	230501nc3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	230501nc3017.pdf
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input type="radio"/> <input type="radio"/>
(3019)	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains: Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input type="checkbox"/>
(3022)	If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

REDACTED - FOR PUBLIC INSPECTION

(3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

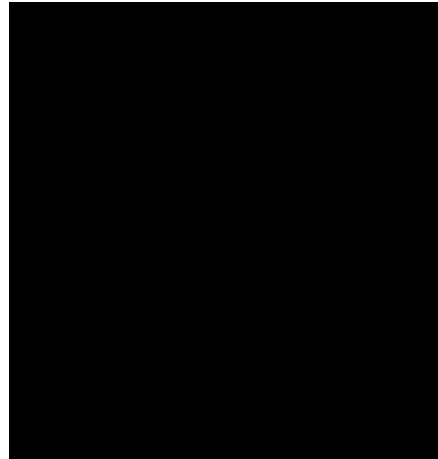
(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: SKYLINE MEMBERSHIP	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/28/2016
Printed name of Authorized Officer: Cindy Rothstein	
Title or position of Authorized Officer: Executive Director of Finance	
Telephone number of Authorized Officer: 3368766304 ext.	
Study Area Code of Reporting Carrier: 230501	Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010> Study Area Code	230501
<015> Study Area Name	SKYLINE MEMBERSHIP
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035> Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org

[illegible]

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

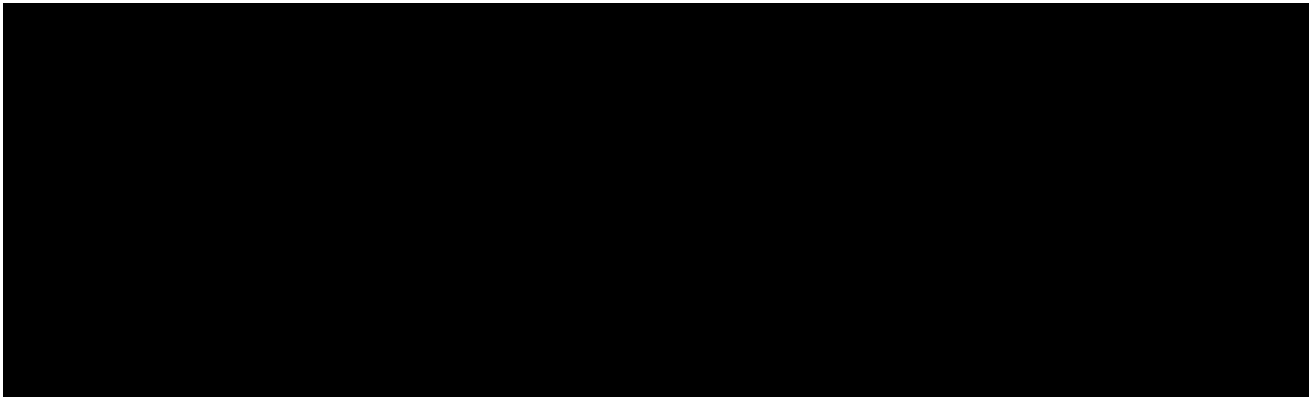
OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

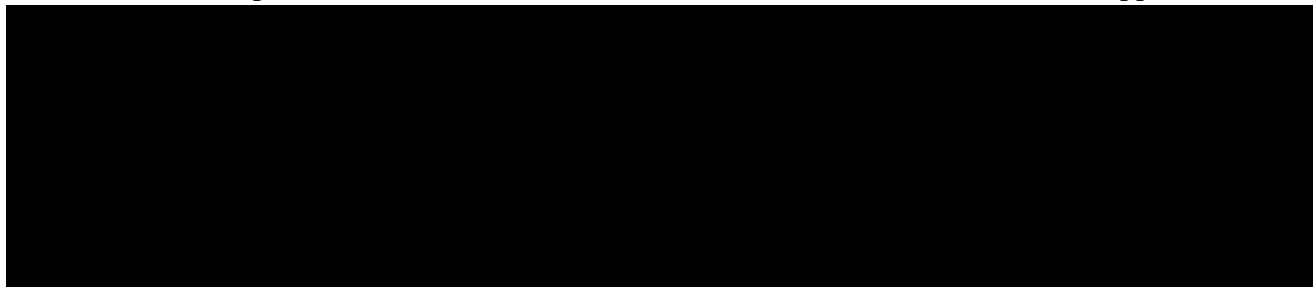
<010>	Study Area Code	230501
<015>	Study Area Name	SKYLINE MEMBERSHIP
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Steven Hardin
<035>	Contact Telephone Number - Number of person identified in data line <030>	3368766260 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	steven.hardin@skyline.org
<810>	Reporting Carrier	Skyline Telephone Membership Corporation
<811>	Holding Company	Not Applicable
<812>	Operating Company	Skyline Telephone Membership Corporation

[illegible]

**LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN
PROGRESS REPORT**

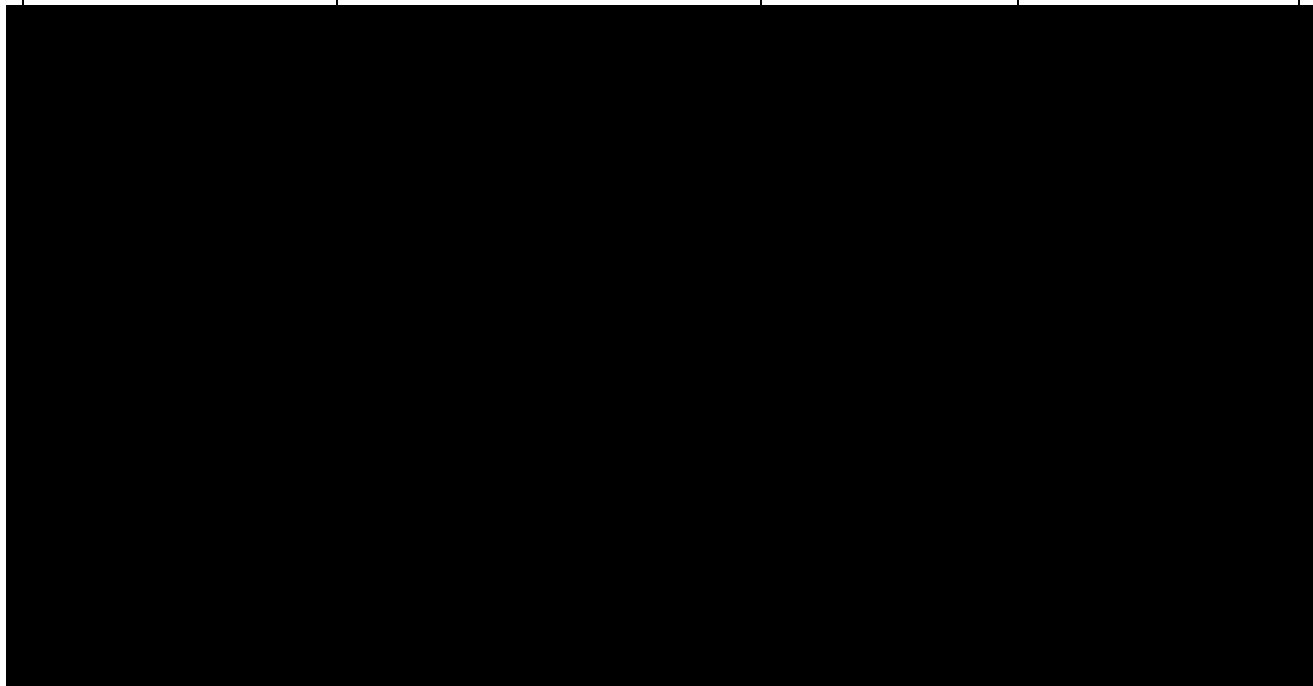


In 2015, the Cooperative received \$5,304,558 in Universal Service Fund (“USF”) support. Of



2015 NETWORK and SERVICE QUALITY IMPROVEMENTS

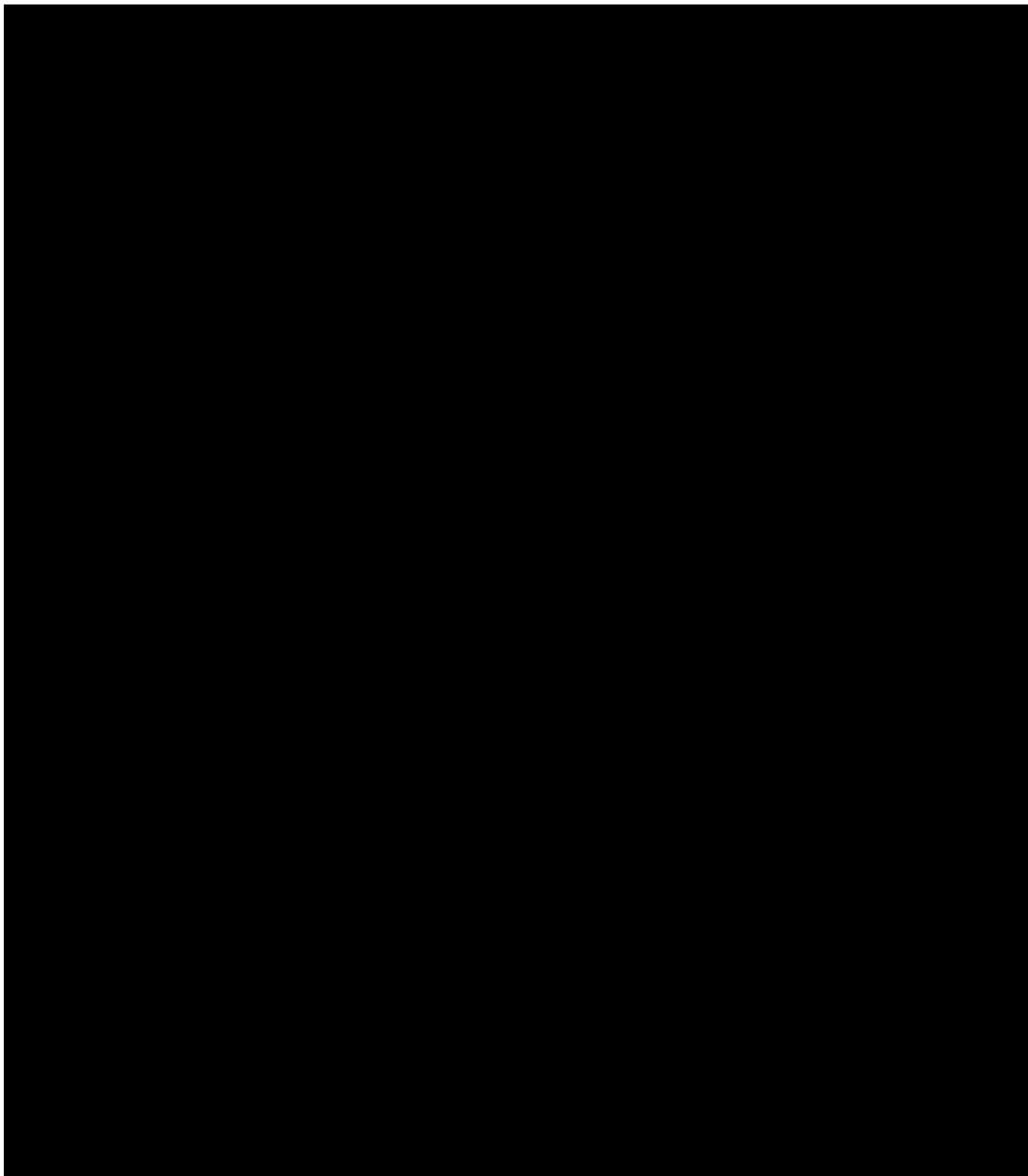
Exchange	Project Description	Population Benefitted	Project Cost
----------	---------------------	--------------------------	--------------

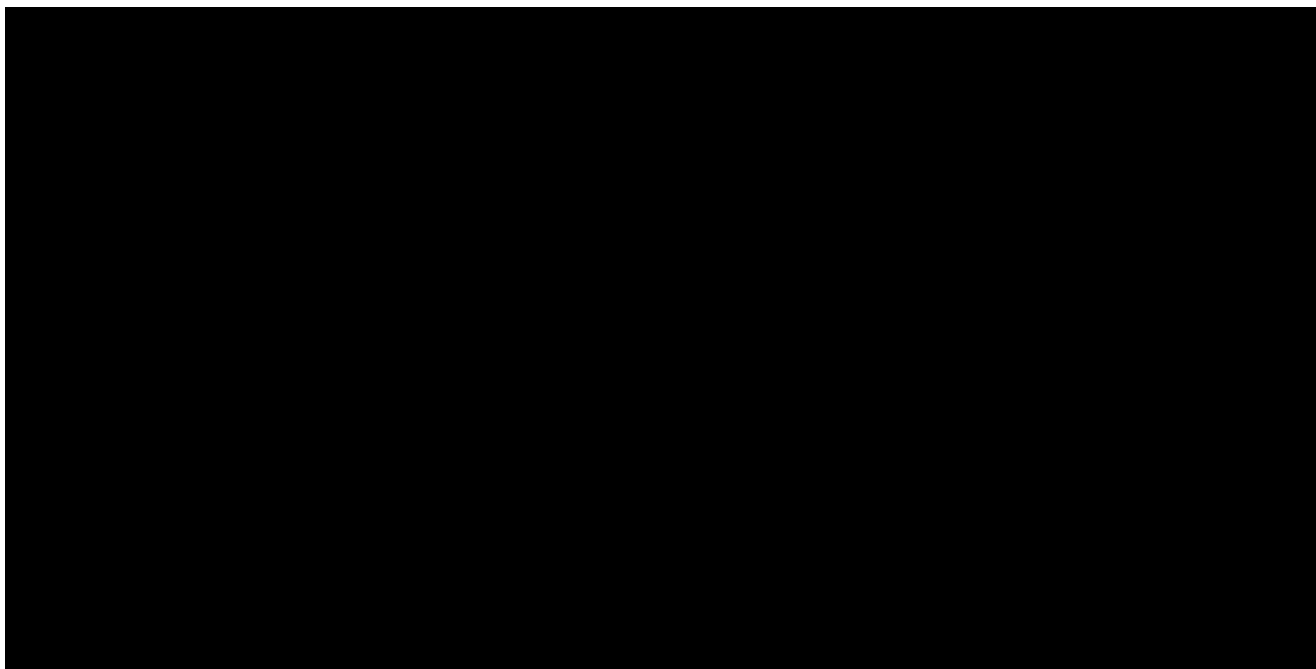


Exchange	Project Description	Population Benefitted	Project Cost
[REDACTED]			

Progress Report Description

[REDACTED]	
------------	--

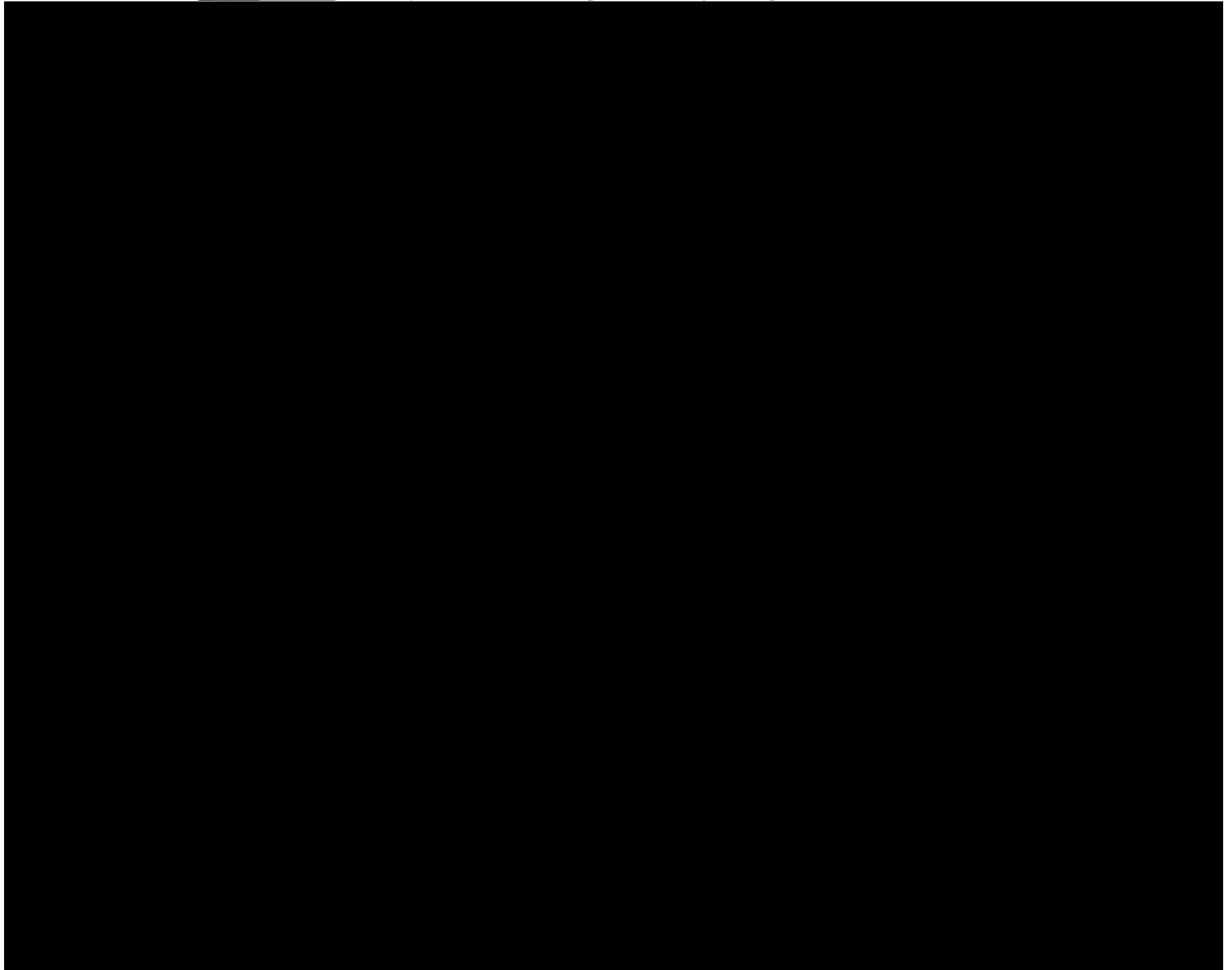




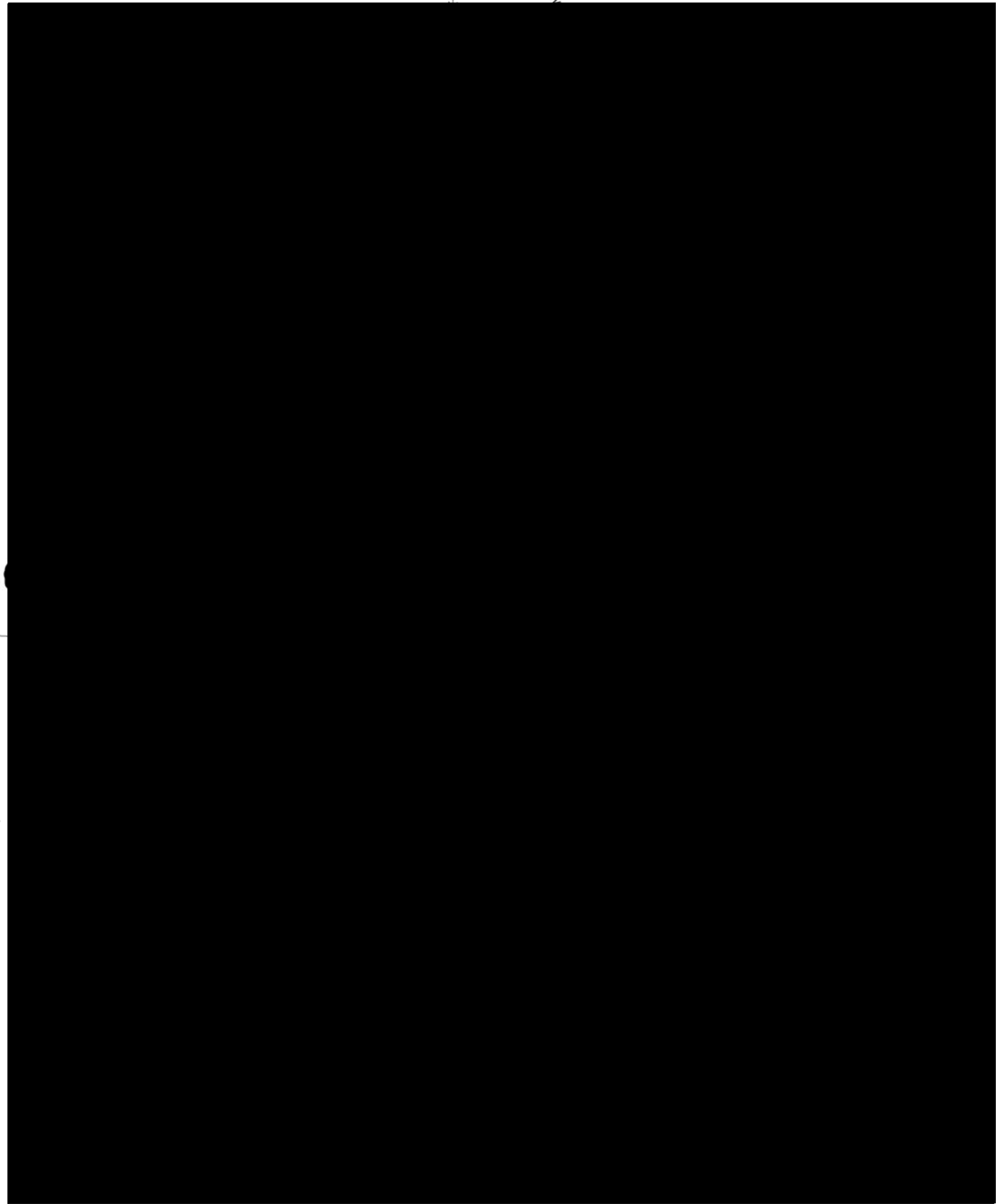
1312

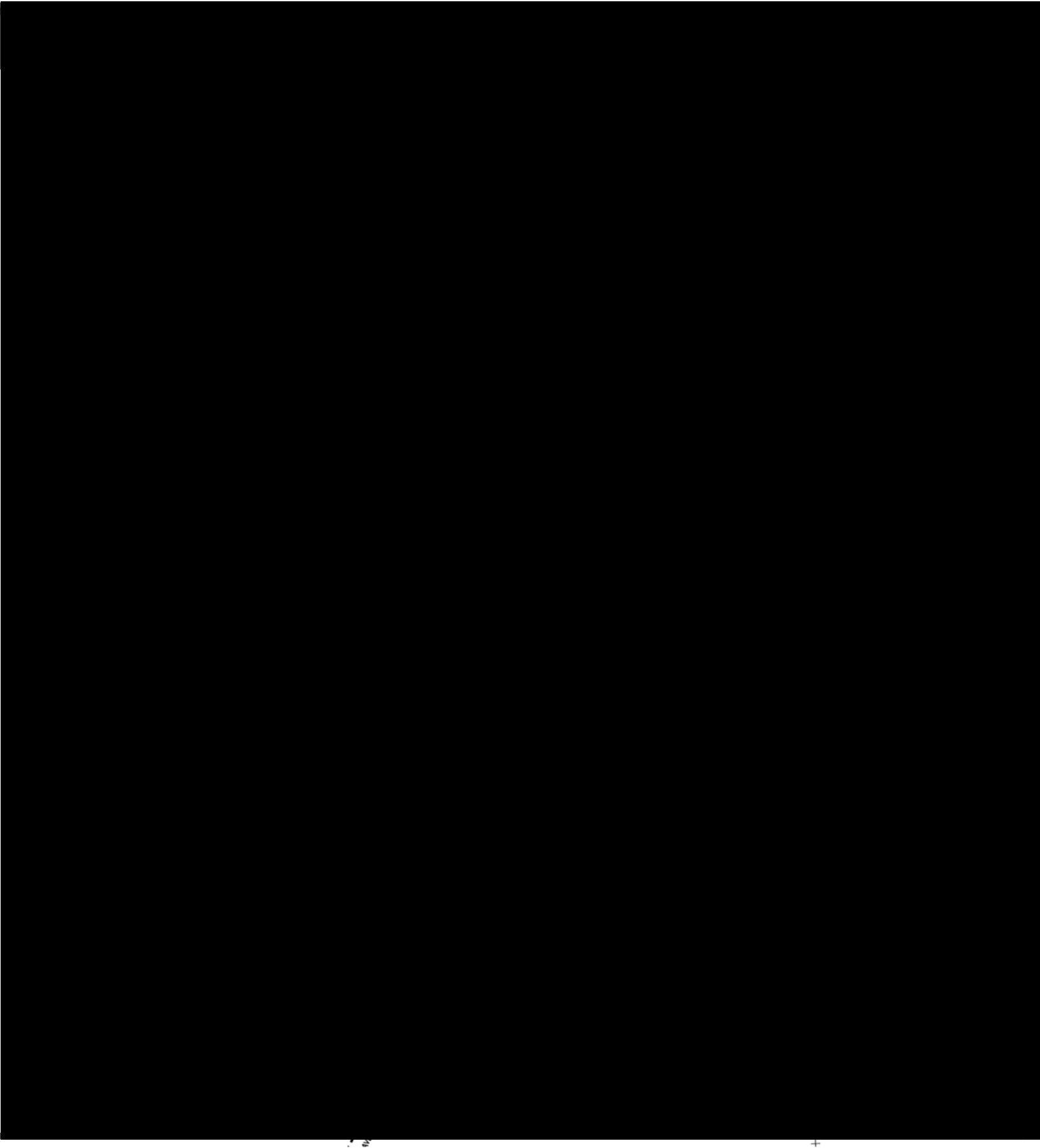
TO M

4
E

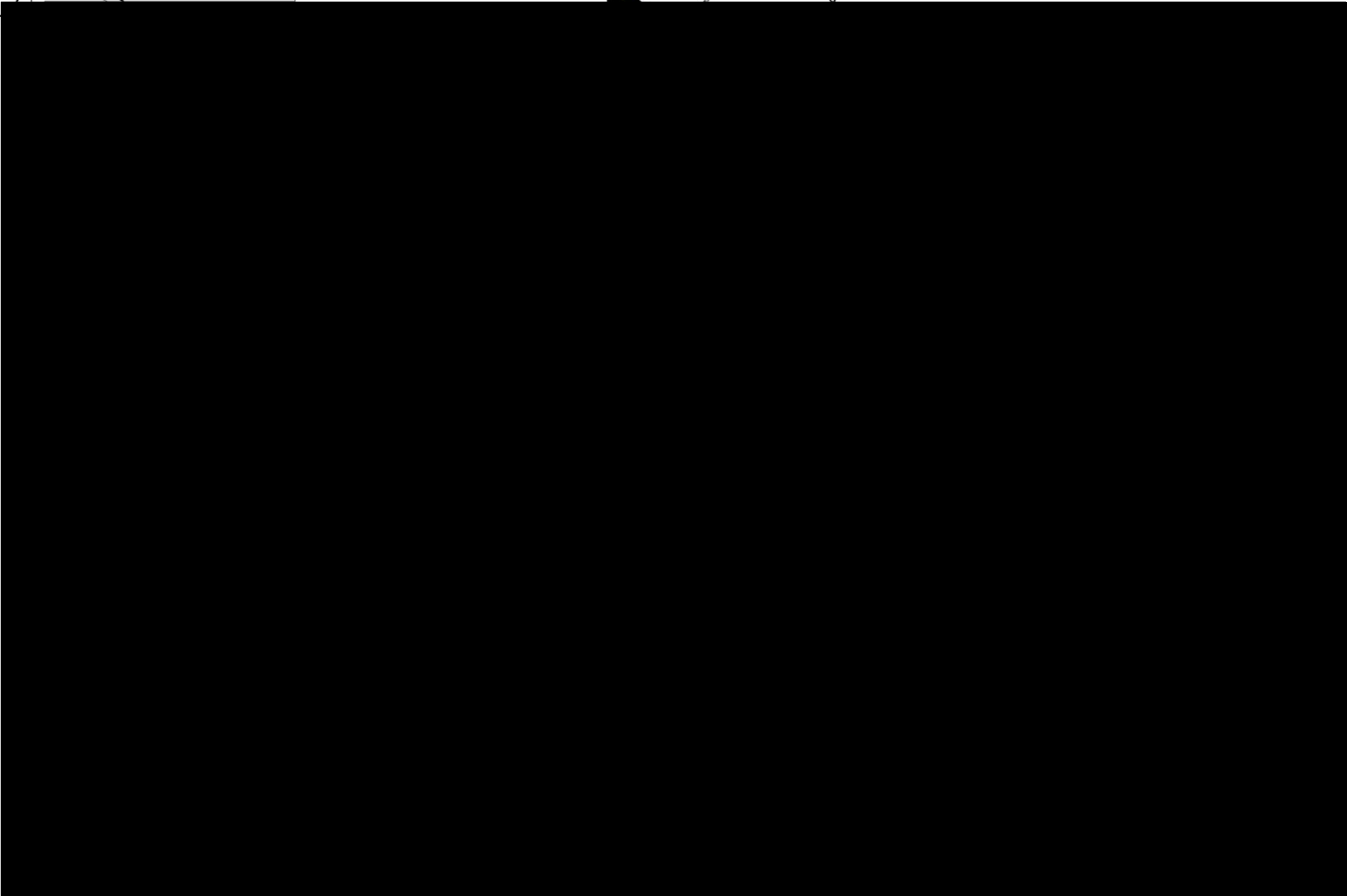


1 2





REDACTED - FOR PUBLIC INSPECTION



Mt. Calvary
Baptist

GRANDFATHER MTN.
ELEV. 5954

TO LUNSVILLE

TO

TO

TO LENO

TO

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

SkyLine Telephone Membership Corporation (“the Cooperative”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Cooperative operates are outlined in its member services tariff, which is approved by the North Carolina Utilities Commission (“NC Utilities Commission”). The tariff contains provisions regarding the Cooperative’s customer service and protection practices.

Service quality standards for voice service are established by the NC Utilities Commission. The Cooperative consistently meets or exceeds those standards and provides reports to the NC Utilities Commission, in accordance with the NC Utilities Commission’s rules.

In addition, the Cooperative is subject to the jurisdiction of the North Carolina Rural Electrification Authority under N.C. Gen. Stat, Chap 117, for customer complaints.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Cooperative. The Cooperative also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require transparency of network management practices, performance, and the commercial terms of broadband services.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

Finally, the Cooperative has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative’s compliance with CPNI rules and a description of the Cooperative’s operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

SkyLine Telephone Membership Corporation (“the Cooperative”) hereby certifies that it is able to function in emergency situations for both voice and broadband service. The Cooperative’s network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. The Cooperative can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Cooperative to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Cooperative has battery backup at all office locations and in its electronic equipment sites.

The Cooperative’s standby generators and battery back-up support both voice and broadband network equipment should an emergency situation occur.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$47.48, which includes the federal subscriber line charge ("SLC").¹

In 2015, in the exchanges served by SkyLine Telephone Membership Corporation ("the Cooperative"), the highest single-line residential local rate, including any mandatory extended area service charge, was \$15.20. When the federal SLC (\$6.50) was included, the rate was \$21.70. Therefore, the Cooperative's pricing of fixed voice services in 2015 was less than the reasonable comparability benchmark of \$47.48.

¹ *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY

In 2015, SkyLine Telephone Membership Corporation (“the Cooperative”) charged a residential rate of \$65.00 for broadband providing 12 Mbps download, 2 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.80, which is the 2015 reasonable comparability benchmark established by the Wireline Competition Bureau for 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance¹ – a less robust service offering than the one provided by the Cooperative.

¹ *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

SkyLine Telephone Membership Corporation (“the Cooperative”) offers qualified Lifeline subscribers a discount of \$12.75 (\$9.25 federal discount and \$3.50 state discount) on a flat-rate residential access line.

In all exchanges served by the Cooperative, the Lifeline rate for single-line residential voice service, including the federal subscriber line charge, is \$8.95 (\$21.70 less the \$12.75 discount).

The local exchange service rate includes an unlimited number of local calling minutes. Additional charges for toll calls associated with the residential local exchange service are billed at the rates of the long distance carrier chosen by the subscriber. Lifeline customers also have the option to subscribe to toll blocking service at no charge.

Lifeline customers may subscribe to custom calling features at the standard rates offered to all subscribers. Lifeline customers may also subscribe to any service bundle offered by the Cooperative, and it will be discounted by \$12.75 for the basic local exchange service component of the bundle.

LINE 3010 – MILESTONE CERTIFICATION

SkyLine Telephone Membership Corporation (“the Cooperative”) hereby certifies that it has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, at rates that are reasonably comparable to rates for comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time. If the Cooperative determines that a request for broadband at actual speeds of at least 10 Mbps downstream/1 Mbps upstream is unreasonable, and offering broadband service at actual speeds of at least 4 Mbps downstream/1 Mbps upstream is reasonable, the Cooperative offers broadband service of at least 4 Mbps downstream/1 Mbps upstream.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Skyline Telephone Membership Corporation (Prepared with Audited Data)	
<i>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</i>	PERIOD ENDING December, 2015	BORROWER DESIGNATION NC0513
<p style="text-align: center;">CERTIFICATION</p> <p><i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i></p> <p>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</p> <p style="text-align: center;">DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII <i>(Check one of the following)</i></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> <u>Cindy Rothstein</u> </div> <div style="width: 30%;"> <u>3/18/2016</u> </div> <div style="width: 30%; text-align: center;"> DATE </div> </div>		

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION NC0513	
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2015	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

<p align="center">USDA-RUS</p> <p align="center">OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p align="center">INSTRUCTIONS - See RUS Bulletin 1744-2</p>						<p>BORROWER DESIGNATION NC0513</p> <p>PERIOD ENDED December, 2015</p>	
<p align="center">Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION</p>							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Baldwin 877	21.00	15.20					
Banner Elk 898	21.00	15.20					
Beech MTN 387	21.00	15.20					
Creston 385	21.00	15.20					
Glade Creek 657	21.00	15.20					
Lansing 384	21.00	15.20					
Nathans CRK 982	21.00	15.20					
Scottville 359	21.00	15.20					
Shady Valley 739	21.00	15.20					
Sparta 372	21.00	15.20					
Sugar Grove 297	21.00	15.20					
Watauga 963	21.00	15.20					
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges	12						

<p align="center"><i>USDA-RUS</i></p> <p align="center">OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p align="center"><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i></p>							<p>BORROWER DESIGNATION NC0513</p> <p>PERIOD ENDED December, 2015</p>	
<p align="center">Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION</p>								
<p align="center">4. BROADBAND SERVICE</p>								
<p align="center">Details on Least Expensive Broadband Service</p>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Baldwin 877								
Banner Elk 898								
Beech MTN 387								
Creston 385								
Glade Creek 657								
Lansing 384								
Nathans CRK 982								
Scottville 359								
Shady Valley 739								
Sparta 372								
Sugar Grove 297								
Watauga 963								
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION NC0513 PERIOD ENDING December, 2015										
INSTRUCTIONS- See RUS Bulletin 1744-2													
PART D. SYSTEM DATA													
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile									
PART E. TOLL DATA													
1. Study Area ID Code(s) a. 230501 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input checked="" type="checkbox"/> Average Schedule</td> <td style="width: 20%;"><input type="checkbox"/> Cost Basis</td> <td style="width: 20%;"></td> </tr> <tr> <td>Intrastate:</td> <td><input checked="" type="checkbox"/> Average Schedule</td> <td><input type="checkbox"/> Cost Basis</td> <td></td> </tr> </table>				Interstate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis		Intrastate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis	
Interstate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis											
Intrastate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis											
PART F. FUNDS INVESTED IN PLANT DURING YEAR													
1. RUS, RTB, & FFB Loan Funds Expended													
2. Other Long-Term Loan Funds Expended													
3. Funds Expended Under RUS Interim Approval													
4. Other Short-Term Loan Funds Expended													
5. General Funds Expended (Other than Interim)													
6. Salvaged Materials													
7. Contribution in Aid to Construction													
8. Gross Additions to Telecom. Plant (1 thru 7)													
PART G. INVESTMENTS IN AFFILIATED COMPANIES													
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA										
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance								
	(b)	(c)	(d)	(e)	(f)								
1. Investment in Affiliated Companies - Rural Development													
2. Investment in Affiliated Companies - Nonrural Development													

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NC0513 <hr/> PERIOD ENDING December, 2015
PART H. CURRENT DEPRECIATION RATES	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO 	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION NC0513
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2015
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain) Capital Expenditures/Investments		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

Revision Date 2010

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>NC0513</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2015</div>
<div>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	
<div></div>	

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>NC0513</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2015</div>
<div>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	